

SECRET**Current Support Brief****PROPOSED JOINT SOVIET BLOC - CUBAN SHIPPING SERVICES**

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PROPOSED JOINT SOVIET BLOC - CUBAN SHIPPING SERVICES

At the end of November 1962, representatives of the shipping organizations of Cuba, the USSR, Poland, East Germany, Czechoslovakia, and Hungary attended a conference in Rostock, East Germany, at the suggestion of CEMA (Council for Mutual Economic Assistance). The conference announced that a joint shipping service embracing Cuba, Poland, East Germany, and Czechoslovakia is to be established between Cuba and Communist Baltic ports.* The shipping service is to employ 12 ships totaling 110,000 deadweight tons (DWT), and a total of four sailings are to take place each way each month. The service was to begin on 1 January 1962. 2/ The prime reason for the conference appears to lie in an attempt to provide regular and reliable service, rather than to increase the existing level of service.

In December 1962, another conference on shipping was held in Moscow by the USSR and Cuba. No mention was made of the number of Soviet ships to be employed, but the USSR assured Cuba that shipping between the Soviet Bloc and Cuba would be guaranteed in the event that a scarcity of Western ships resulted from US shipping restrictions. 3/

1. Scope of Activities

Reports from the recent Rostock and Moscow conferences on shipping vary slightly, but the decisions reached indicate that the joint European Satellite - Cuban service announced by the Rostock conference in November will concentrate principally on Communist Baltic ports and

* Although Bulgaria was neither in attendance at the CEMA conference nor included in the joint shipping service, the September issue of a periodical published by the Czechoslovak Ministry of Transportation and Communications stated that Bulgaria intended to open a new regular line to Cuba. 1/ Two Bulgarian dry cargo ships and two Bulgarian tankers called at Cuba in 1962 on an irregular basis.

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that Soviet ships will provide service between Cuba and the Mediterranean, North Africa, and the Black Sea. Soviet ships also will provide service covering Antwerp, Hamburg, Rotterdam, and London as the need arises. Examination of the pattern of calls by Satellite and Cuban ships in 1962 shows that Cuban ships did load at Western Atlantic ports after calling at Baltic ports but that Satellite ships loaded only at Baltic ports. Beginning in December 1962, Soviet ships have called with greater frequency at Western Atlantic ports both inbound and outbound en route to and from Baltic ports. 4/

Unless the Satellite-Cuban shipping service is to include tramp ships in addition to those already serving the Cuban run, the agreement is merely formalizing and presumably coordinating the services in existence during most of 1962. All but two of the Satellite and Cuban dry cargo freighters on the run in January 1963, including those en route to the Baltic and those in Europe scheduled to sail for Cuba, were on the Cuban run before the disruption in November and December caused by the US quarantine. There were 15 of these ships totaling 120,000 DWT compared with 12 ships totaling 110,000 DWT proposed for the joint shipping service. In addition to the 15 ships on the Cuban run before the quarantine, two others, one East German ship in Cuba (possibly a tramp) and a Cuban ship in Casablanca, raised the number involved in the Cuban trade in January to 17 ships totaling 131,000 DWT, well above the proposed joint service fleet. Cuba also used nine other ships totaling 43,000 DWT to make between one and three trips each to Europe and North Africa in 1962. 5/ Although cargo information is not complete on all trips, the available information indicates that all of the foregoing ships were running reasonably full each way. 6/

2. Implications

Inasmuch as the Satellite-Cuban agreement offers no improvement in the scale of existing services, other conclusions or speculations as to the reason for the agreement are in order. The policy of organizing a joint line is in accord with other such moves formerly made by CEMA countries, separately or in concert, in underdeveloped areas. The Rostock conference is, however, the first known instance of a non-CEMA

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country actually participating in a Bloc shipping conference under CEMA auspices. The implication of the conference as a means of cementing political and economic relations is obvious. How the "line" will be operated is not known. It may follow the example set by the United West Africa line (Polish and East German) by setting up common booking centers in Europe and in Cuba, staffed by members of each national organization. The countries involved may go so far as to establish a specific shipping line under a name and a direction of its own (like the United West Africa Line), which will solicit cargo and publish schedules for the ships allotted to it. On the other hand, the joint line may develop into only a loose association of national shipping lines for the purpose of coordinating schedules and agreeing on freight rates and fees.

Even coordination of schedules, however, if the schedules are adhered to, will be an improvement on past performance of ships on the Cuban route. During 1962, arrivals in and sailings from Cuban ports were very irregular -- even of Polish ships whose schedules were published in advance -- principally because of delays and a lack of ready cargo in Cuban ports. If 12 ships can be operated in truly linerlike fashion, the efficiency of service to and from Cuba can be greatly improved.

In view of the fact that, from January 1962 to date, both the Satellites and Cuba have had far in excess of 12 ships on the Cuba-Europe run, additional tramp ships can be expected to be employed over and above the 12 ships assigned to the "liner" operation. Poland and East Germany, in particular, can afford to maintain and even increase service to Cuba. In 1962, Poland added to its fleet 20 oceangoing freighters of a type that could be used in the Cuban run. These totaled 172,000 DWT. East Germany added 16 similar oceangoing freighters totaling 131,000 DWT to its fleet. Most of these 36 ships are planned to augment other lines -- for example, the West Africa, South America, US, India, and East Africa routes -- but the capacity is there to expand service, particularly tramp, to Cuba. In 1963 it is likely that Cuba will take delivery from Polish yards of three 10,000-DWT freighters, and one of these is now en route to Cuba. ^{7/} All three most probably will go on the Trans-Atlantic route, probably into the liner service, releasing from tramp service the 3,000-DWT to 6,000-DWT Cuban freighters presently in use on the Trans-Atlantic run.

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